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SUBJECT: Danistay Rules Against Cargill Zoning Amendment

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Ref: Ankara 608

1. (U) Last week, the Turkish Danistay (Council of State) upheld a lower Danistay ruling, which struck down the amendments to the Iznik Lake Environmental Development Plan which enabled Cargill to build its USD 90 million corn syrup plant. The Ministry of Public Works, the Prime Ministry, and Cargill had appealed the lower (6th Department) Danistay ruling.

2. (SBU) Cargill's Director of Corporate Affairs told us that the company had expected this Danistay decision, which does not affect current permits. He said the GOT planned to appeal the Danistay decision, and that this case, along with related cases brought by NGOs against the Cargill plant, would probably remain in the courts until the end of 2005.

3. (SBU) The GOT has promised to submit industrial zone legislation to Parliament that, in effect, would legitimize Cargill's operation, despite zoning violations, but the draft law has languished in the Prime Ministry for several months. Although some GOT interlocutors (reftel) have pointed out that this bill may not solve the problem, since a constitutional amendment might be necessary to allow manufacturing operations on class 1 agricultural land, we and Cargill believe its passage would be an important positive step. Embassy will continue to press the GOT, including at the Ministerial level, to resolve this investment problem as swiftly as possible. Edelman